

BOARD CHARTER

1. INTRODUCTION

The Board Charter sets out the roles and responsibilities of the Board, Board Committees and Management, Board procedures and matters reserved for the Board, and serves as guidance for Directors and Management. The clauses in the Board Charter do not overrule or pre-empt the Constitution of the Company, the Companies Act 2016, the Capital Markets and Services Act 2007, the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("ACE LR"), the Malaysian Code on Corporate Governance ("MCCG"), or other applicable laws, regulations, rules and guidelines, but form an integral part of each Director's duties and responsibilities.

The Board Charter is applicable to all Directors of the Company and, amongst other things, provides that all Directors must avoid, and where avoidance is not possible, fully disclose and appropriately manage actual, potential or perceived conflicts of interest between their personal interests and their duties to the Company.

2. KEY VALUES OF THE COMPANY

The key values of the Company are:-

- a) Act with Integrity - Ethical, reliable, honest and transparent
- b) Customer Commitment - Provide high quality, reliable and innovative products
- c) Leadership by Example - Top management to demonstrate by example
- d) Sustainability and Accountability - Integrate responsible environmental, social and governance considerations into business strategy and decision-making

3. THE BOARD

3.1 Composition of the Board

- a) The Board shall comprise a minimum of two (2) Directors and at least two (2) Independent Directors or one-third (1/3) of the Board, whichever is higher, or such other proportion as may be prescribed under the ACE LR and applicable laws from time to time. The Board should also take into consideration the MCCG recommendation that at least half of the Board comprises Independent Directors.

- b) The Board should maintain an appropriate balance between Executive Directors, Non-Executive Directors and Independent Directors so that no individual or small group of individuals dominates the Board's decision-making.
- c) The size and composition of the Board should be diversified with a broad range of perspectives, expertise, experience, skills, age, cultural background and gender that will be able to contribute positively towards effective decision making and discharge of its roles and responsibilities for the benefit of the Group and its businesses. The Board shall have at least one (1) woman Director, or such higher diversity target as may be adopted by the Board or prescribed under the ACE LR, and should work towards the MCCG practice of at least 30% women Directors.

3.2 Appointment

- a) The appointment of any new member to the Board shall be recommended by the Nomination Committee after taking into account the Board's composition, succession needs, diversity objectives, the candidate's fit and proper assessment, independence, character, experience, integrity, competence and time commitment.
- b) The Board shall maintain and apply a Directors' Fit and Proper Policy for the appointment and re-election of Directors, and such policy shall be published on the Company's website as required by the ACE LR.
- c) On the appointment of a new Director, the new Director is required to devote sufficient time to attend to the Company's matters and to complete the applicable directors' induction and training programmes prescribed by Bursa Malaysia and the Board.
- d) Directors are required to notify the Chairman and the Company Secretaries before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The directorships held by any Board member at any one time shall not exceed five (5) in listed issuers, or such other limit prescribed by the ACE LR from time to time.

3.3 Tenure of Director

- a) The tenure of an Independent Director shall be in line with the MCCG and the ACE LR. The Board shall review the tenure, independence and annual re-election of each Director through the Nomination Committee, taking into account the Director's performance, contribution and ability to exercise independent judgement.
- b) Upon completion of nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director unless

retained as an Independent Director in accordance with the MCGG, the ACE LR and the Board's assessment of independence.

- c) If the Board intends to retain an Independent Director beyond nine (9) years, it should be recommended by the Nomination Committee, supported by assessment, justified by the Board and, where required by the MCGG or applicable requirements, be subject to annual shareholders' approval through the prescribed voting process.
- d) An Independent Director shall not serve as an independent director of the Company for a cumulative period of more than twelve (12) years from the date of his or her first appointment as an independent director, subject always to the definition of "independent director" and the cumulative tenure requirements under the ACE LR. Upon reaching the applicable limit, the Director must resign or be re-designated as a Non-Independent Director.

3.4 Authority of the Board

The Board derives its authority to act from the Constitution of the Company and the laws, regulations, rules and guidelines governing a listed issuer in Malaysia.

3.5 Roles of the Board and Directors

The roles of the Board and Directors are to:-

- a) Oversee management, represent and serve the interests of shareholders by overseeing and evaluating the Company's strategies, policies and performance;
- b) Oversee business affairs and integrity, monitor the Group's performance and build sustainable value for shareholders and other stakeholders in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution and within a framework of prudent and effective controls that enable financial and non-financial risks to be assessed and managed;
- c) Set, review and ensure compliance with the Company's values; and
- d) Ensure shareholders are kept informed of the Company's performance and major developments affecting its state of affairs.

3.6 Responsibilities of the Board

The responsibilities of the Board shall include but not limited to the following:-

- a) Together with senior management, promote a good corporate governance culture within the Company and its subsidiaries ("the Group") which reinforces ethical, prudent and professional behaviour, integrity, anti-bribery and anti-corruption practices, proper conflict-of-interest management, whistleblowing protection and sustainability governance.
- b) Review, challenge and decide on Management's proposals for the Group, and monitor their implementation by Management. Provide input and approve Management's development of corporate strategy, including setting performance objectives, approving operating budgets and ensuring that strategy supports long-term value creation.
- c) Ensure that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental, social and governance considerations underpinning sustainability, including material sustainability-related risks and opportunities.
- d) Supervise, monitor and assess Management's and corporate performance, monitor implementation of strategies and policies, and to determine whether the business is being properly managed.
- e) Ensure there is a sound and effective framework for internal control, risk management and compliance, including policies and procedures for anti-bribery and anti-corruption, whistleblowing, conflict of interest and related party transactions.
- f) Understand the principal financial and non-financial risks of the Group's business and recognise that business decisions involve the taking of appropriate risks. Review, approve and monitor the framework of risk management, internal control and ethical and legal compliance under the guidance of the Audit Committee and Risk Management Committee.
- g) Set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage, monitor and report significant financial and non-financial risks, including sustainability and climate-related risks where material.
- h) Ensure that senior management has the necessary skills, experience and integrity, and that measures are in place to provide for the orderly succession of the Board and senior management.
- i) Evaluate from time to time the performance and succession planning of the Managing Director/Chief Executive Officer and/or Executive

Director(s), and the performance of the Board, Board Committees and individual Directors, under the guidance of the Nomination Committee.

- j) Ensure that the Company has in place procedures to enable effective, transparent and timely communication with stakeholders, including meaningful engagement with shareholders at general meetings.
- k) Monitor and review the management processes and ensure the integrity of the Group's financial and non-financial reporting, including sustainability reporting, corporate governance reporting and other disclosures under the guidance of the Audit Committee and relevant Board Committees.
- l) Review and approve remuneration package, directors' fee or other benefits payable to the Managing Director/ Chief Executive Officer and/or Executive Director(s) and Non-Executive Directors under the guidance of the Remuneration Committee.
- m) Evaluate the composition, processes and performance of the Board and Board Committees under the guidance of the Nomination Committee.
- n) Ensure the integrity of the Company's financial and non-financial reporting and the adequacy of disclosures made to Bursa Malaysia, shareholders and other stakeholders.
- o) Perform such other functions as prescribed by laws, rules, regulations, the ACE LR and the Constitution.

3.7 Matters Reserved for the Board

The matters which are specifically reserved for the Board include the following:-

Approval, review and oversight of the Company's sustainability governance, sustainability strategy, material sustainability matters and Sustainability Statement;

Approval and review of key governance policies, including the Board Charter, Directors' Fit and Proper Policy, Code of Conduct and Ethics, Whistleblowing Policy, and Anti-Bribery and Anti-Corruption Policy.

- a) Appointment of the Chairman and Deputy Chairman;
- b) Appointment and removal of the Managing Director/ Chief Executive Officer and/or Executive Director(s);
- c) Appointment of Directors to fill a vacancy or as additional Directors;

- d) Establishment of Board Committees, their membership and delegated authorities;
- e) Approval of interim dividend and recommendation of final dividend for shareholders' approval;
- f) Review of corporate governance principles, policies, procedures and the Company's application of the MCCG;
- g) Approval of major capital expenditure, acquisitions, disposals, divestitures, transactions with related parties and capital management matters in excess of authority levels delegated to Management;
- h) Calling of meetings of shareholders;
- i) Review of whistleblowing, anti-bribery and anti-corruption, conflict of interest and related party transaction matters either made through the Company's reporting channels or through other means; and
- j) Any other specific matters nominated by the Board from time to time.

4. BOARD COMMITTEES

- a) The Board may from time to time establish Committees as it considers necessary or appropriate to assist it in carrying out its responsibilities. The existence of the Board Committees does not diminish the Board's responsibilities for the affairs of the Group where the delegation of power shall be subjected to the approved Terms of References and are in accordance with this Charter.
- b) The Board may also delegate specific functions to ad-hoc committees as and when required.
- c) The Board shall as a minimum, establish the following Committees and shall adopt Terms of Reference setting out matters relevant to the authority, responsibilities, membership and process of those Committees:-

(a) Audit Committee

The Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting, financial reporting, audit, internal control, risk management, related party transactions and conflict of interest oversight of the Group. In addition, it assists in fulfilling the Board's stewardship accountability to its shareholders and financial stakeholders in respect of the quality and reliability of the financial information of the Group.

(b) Nomination Committee

The Nomination Committee is to assist the Board of Directors in nominating new candidates to the Board, leading succession planning for Board members and the Chief Executive Officer (or any other person assuming similar roles and responsibilities), applying the Directors' Fit and Proper Policy, reviewing board composition and diversity, and assessing the performance of the Board, Board Committees and individual Directors of the Company on an ongoing basis.

(c) Remuneration Committee

The Remuneration Committee is to assist the Board in recommending to the Board the remuneration packages of the Chairman and Managing Director/Chief Executive Officer and/or Executive Director(s), Directors' fees and other benefits for Non-Executive Directors in all forms, and assessing the remuneration packages of senior management in a manner that supports strategy, performance and long-term value creation.

(d) Risk Management Committee

The Risk Management Committee is to assist the Board in reviewing and recommending the risk management policies, risk appetite and strategies for the Company, including material operational, financial, compliance, sustainability and climate-related risks, as well as fulfilling the Company's corporate governance, risk management and statutory responsibilities in order to manage the overall risk exposure.

5. CHAIRMAN

- a) The Chairman is appointed from amongst the Directors as approved by the Board.
- b) The Board acknowledges that the positions of Chairman and Managing Director/Chief Executive Officer are presently held by the same individual. The Board is of the view that this arrangement is justified based on the Company's current structure and business needs, and shall ensure that adequate checks and balances are in place through the presence of Independent Non-Executive Directors. The Chairman shall not be a member of the Audit Committee, Nomination Committee or Remuneration Committee, unless otherwise justified by the Board in accordance with the MCGG.
- c) In the event of any vacancy arises in the position of Chairman, the Executive Deputy Chairman/Chairperson shall take over the Chairman's position by default.
- d) The Chairman carries out a leadership role in the conduct of the Board and its relations with shareholders and other stakeholders, and should promote

constructive debate, effective decision-making and good governance. The key responsibilities of the Chairman include, but are not limited to, the following:-

- a. Demonstrates leadership for the Board in discharging its duties and responsibilities effectively.
- b. Ensure that the Notice of the Board Meeting is issued at least seven (7) days prior to the meeting, unless all Directors consent to shorter notice, and that Board papers are circulated in a timely manner to facilitate informed deliberation.
- c. Leads the conduct of the Board Meetings and initiates discussion within the Board.
- d. Stimulates participation and sharing of views and ideas from different perspectives by the Directors and ensures all views will be taken into consideration during the decision making process by the Board.
- e. Acts as the intermediary between the Board and the Management by coordinating smooth communication flow between both parties.
- f. Chairs the general meetings of the Company, encourages meaningful engagement with shareholders and ensures that questions from shareholders are addressed appropriately.
- g. Communicates the views from the stakeholders to the Board as a whole, for consideration or improvement.
- h. Leads the Board to ensure compliance with all relevant laws, regulations, rules and guidelines, and to the best of the Board's effort, promotes and implements good governance practices within the organisation.
- i. Performs other responsibilities assigned by the Board from time to time.

6. COMPANY SECRETARIES

- a) The appointment and removal of the Company Secretaries are matters for the Board. The Company Secretaries should be suitably qualified, competent and capable of carrying out the duties required of the position, and should keep themselves abreast of regulatory and governance developments.

- b) The key roles of the Company Secretaries are to provide unhindered advice and services for the Directors, as and when the need arises, to enhance the effective functioning of the Board and to ensure regulatory compliance.
- c) The main responsibilities of the Company Secretaries, include but not limited to the following:-
 - a. Co-ordinate with Management on the logistics of all Board and Committee Meetings, attend the Board and Committee Meetings and record the Minutes of the Meetings accordingly.
 - b. Ensure timely communication of the decision of the Board or Committee to be conveyed to the relevant parties and whether any follow-up actions are required.
 - c. Assist the Board in ensuring that the minutes of general meetings are made available to shareholders within the timeframe prescribed or recommended by applicable requirements and good governance practice.
 - d. Advise the Board on its roles and responsibilities, particularly additional or changed obligations arising from the implementation of new laws, regulations, rules, guidelines or amendments thereof.
 - e. Provide advisory assistance to the new Director(s) appointed to the Board.
 - f. Identify relevant training and development programmes for the Directors, including mandatory accreditation programmes and sustainability-related training where applicable, based on the training needs determined by the Nomination Committee for the particular financial year.
 - g. Advise the Board on the requirements of corporate disclosures in accordance with the ACE LR for various corporate proposals, as well as compliance with the ACE LR, the Capital Markets and Services Act 2007, the Companies Act 2016, the MCCG and applicable sustainability reporting requirements.
 - h. Ensure that all the proceedings of the general meetings are in order and the general meetings are properly called and convened, record the Minutes of the general meetings, as well as the discussion during the Questions and Answers session.
 - i. Identify corporate governance initiatives which are applicable to the Group and highlight the same to the Board for consideration. Monitor corporate governance practices by proposing relevant agenda items to be included as recurring meeting agenda items.
 - j. Advise the Board on corporate governance related matters.

- k. Facilitate the assessments to be undertaken by the Board and/or Board Committees, including assessments of independence, fit and proper criteria, board effectiveness and, where applicable, sustainability governance, and compile the results for the Board's and/or Board Committee's review.

7. MANAGEMENT

7.1 Relationship with Management

- a) Directors may delegate their powers as they consider appropriate through an approved manual of delegations or manual of authorities. However, ultimate responsibility for strategy, governance, risk oversight and control rests with the Board as guided by the Chairman and Managing Director/Chief Executive Officer and/or Executive Director(s).
- b) The Board will be supplied by Management with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time when they consider it appropriate.
- c) All directors will be provided with advance notice of Board meetings, even those called at short notice.
- d) Every possible effort will be made to ensure that Board papers tabled at a Board meeting will be made available to all Directors attending, regardless of location.
- e) Any abstention for any reason whatsoever, including but not limited to conflict of interest, must be indicated to the Chairman at the time the matter is being considered and recorded in the minutes.
- f) The management function is conducted by, or under the supervision of the Managing Director/ Chief Executive Officer and/or Executive Director(s) as directed by the Board and by other officers to whom management function is properly delegated by the Managing Director/ Chief Executive Officer and/or Executive Director(s).
- g) The Board as a whole shall collectively oversee the conduct of Management.
- h) The Senior Management Team shall report to the Board.

7.2 Roles and Responsibilities Chairman and Managing Director/Chief Executive Officer and/or Executive Director(s)

The responsibilities of the Managing Director/Chief Executive Officer and/or Executive Director(s) include, but are not limited to, the following:-

- a) be responsible for the day-to-day management of the Company with all powers, discretions and delegations authorised, from time to time, by the Board;
- b) responsible for the overall direction and management of the Group's entire operations to achieve profit and investment objectives;
- c) in association with the Board, shall be accountable to the Board for the achievement of the Group's mission, goals and objectives;
- d) ensure the effective implementation of the Group's business plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation;
- e) determine and implement medium and long term business plans to optimise returns to all stakeholders;
- f) ensure compliance with governmental procedures, laws, regulations, rules and guidelines issued by relevant authorities for the time being in force;
- g) manage all business units in meeting the expectations of principals and customers;
- h) enhance the business processes to increase operational efficiencies;
- i) executive management of the Group's business covering, inter alia, the development of a strategic plan; an annual operating plan and budget; performance benchmarks to gauge management performance and the analysis of management reports;
- j) develop long-term strategic and short-term profit plans, designed to ensure that the Group's requirements for growth, profitability and return on capital are achieved;
- k) direct and control all aspects of the business operations in a cost effective manner;
- l) effectively oversee the human resources of the Group with respect to key positions in the Group's hierarchy and recruitment of senior management staff, determination of remuneration as well as terms and conditions of employment for senior management and issues pertaining to discipline;
- m) develop succession planning and training for employees for higher productivity and organisational resilience;

- n) ensure that the Group's financial reports present a true and fair view of the Group's financial condition and operational results and are in accordance with the relevant accounting standards;
- o) ensure that non-financial and sustainability information provided to the Board or disclosed externally is prepared using appropriate processes, controls and data governance;
- p) assure the Group's corporate identity, products and services are of high standards and are reflective of the market environment;
- q) coordinate business plans with business heads, coordinate management issues through the Board, and oversee divisional function groups and cost containment processes in consultation with the Financial Officer; and
- r) assist the Chairman in organising information necessary for the Board to deal with the agenda and for providing this information to the Directors on a timely basis.

8. BOARD PROCEDURES

Board Meetings shall be conducted in a business-like manner where all Directors are encouraged to share their views and partake in discussions. No one person should dominate the discussion. The Chairman, assisted by the Company Secretary(s), shall play a mediator's role to maintain the order of the proceedings in a constructive, productive and effective manner.

8.1 Process and Procedures for Board Meeting

- a) The Board should meet regularly, at least on a quarterly basis. Special meetings of the Board should be held in addition to the quarterly meetings as and when required. Prior notice of meeting will be given to the Directors and all who are required to attend the meeting.
- b) The Board and Board Committees may invite members of Management, external auditors, internal auditors, advisers or other relevant parties to meetings where their attendance will assist the Board in discharging its duties.
- c) All meetings shall be chaired by the Chairman of the Board. In the absence of the Chairman to preside over the Board meeting, the Executive Deputy Chairperson shall be the Chairperson, or in the absence of both Chairman and Executive Deputy Chairperson, the Directors present shall choose one of their number to be Chairperson of the meeting.
- d) Board members are required to attend the Board meetings and attendance of each individual Director in the meetings held in a

financial year is required to be disclosed in the Annual Report. Other senior officers may be invited to attend for particular items within their responsibility. The Board may also invite external parties such as the auditors, solicitors and consultants as and when the need arises.

- e) Additional formal business is dealt with as required, whether by physical, video-conferencing or telephonic meetings, as well as other electronic meetings allowed under the laws or the Company's Constitution. All resolutions, attendance, transactions, quorums and votes obtained through electronic means shall be deemed valid and effective unless they contravene the requirements of relevant statutes, regulations or the Constitution.
- f) All meetings of the Board will be conducted in accordance with the Constitution of the Company and applicable laws, regulations and rules.

8.2 Agenda and Meeting Papers

- a) The notice of Directors' meeting should be given in writing at least seven (7) days prior to the meeting, shorter notice and waiver of notice are allowed with the consent of all Directors.
- b) A well prepared board agenda will enhance the Board's productivity and strengthen its strategic and supervisory role. The Chairman, in conjunction with the Executive Directors and the Company Secretary(s), shall undertake the primary responsibility for preparing the Board's agenda. The agenda shall include, amongst others, matters specifically reserved for the Board's decision.
- c) As a matter of best practice and to allow ample time for Directors to consider the relevant information, Board papers and agenda items are encouraged to be circulated at least five (5) business days prior to the meeting, unless there are exceptional circumstances. Where a report is tabled, a brief listing of findings, issues requiring decision and/or recommendations should be prepared.

8.3 Minutes

The Board shall record its deliberations and decisions, in terms of the issues discussed, including whether any Director abstained from voting or deliberating on a particular matter due to conflict of interest or any other reason, and the conclusions thereof in discharging its duties and responsibilities.

Minutes of general meetings should be made available to shareholders no later than the timeframe prescribed or recommended under applicable requirements and good governance practices.

8.4 Access to Information and Independent Professional Advice

- a) All Directors, whether Executive or Non-Executive, shall have the same right of access to all information within the Group, whether as a full Board or in their individual capacity, in furtherance of their duties and responsibilities as Directors of the Company, subject to a formal written request to the Chairman furnishing satisfactory and explicit justification for such request.
- b) All Directors should have access to the advice and services of the Company Secretary(s). The Board should recognise that the Chairman is entitled to the strong and positive support of the Company Secretary(s) in ensuring the effective functioning of the Board.
- c) The full Board or in their individual capacity, in furtherance of their duties, shall be able to obtain an independent professional advice at the Company's expenses through an agreed procedure laid down formally.
- d) Subject to prior approval of the Chairman, the cost of the advice will be reimbursed by the Company but the Director will ensure, so far as is practicable, that the cost is reasonable.

8.5 Directors' External Commitments and Conflict of Interest

- a) A Director who is in any way, whether directly or indirectly, interested in a contract, proposed contract, transaction or arrangement with the Company shall declare his or her interest in accordance with the provisions of the Companies Act 2016, the ACE LR and other applicable requirements. The Director concerned shall not participate in deliberations and shall abstain from voting in any matter arising thereof.
- b) Should there be an actual, potential or perceived conflict of interest between the Company or a related corporation and a Director, or an associate (as defined in the ACE LR) of a Director such as a spouse or other family members, or a related company, the Director involved shall make full disclosure, comply with the Company's conflict-of-interest procedures and act honestly in the best interest of the Company.
- c) An actual, potential or perceived conflict of interest shall not necessarily disqualify an individual Director from the Board provided that full disclosure of the interest has been made in good faith and with due honesty and appropriate safeguards, abstentions and reporting have been implemented in accordance with applicable requirements.

8.6 Directors' Remuneration

- a) The Board has adopted a Directors' Remuneration Policy in recommending the remuneration packages of the Chairman and Managing Director/Chief Executive Officer and/or Executive Director(s) of the Company.
- b) The determination of the Directors' fees and benefits payable to Non-Executive Directors shall be a matter for the Board as a whole, with the Director concerned abstaining from deliberation and voting in respect of his or her individual remuneration, and shall be subject to shareholders' approval where required by the Companies Act 2016 and the ACE LR.

9. REVIEW

This Charter is to be reviewed by the Board periodically and updated as necessary to ensure it remains consistent with the Board's objectives, the Constitution, current laws, regulations, the ACE LR, the MCCG and good governance practices.

The Board Charter is made available for reference on the Company's website at www.scestatebuilder.com.my.

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